

FIRST CITY NATIONAL BANK OF HOUSTON

THOMAS H. DUNGAN
Commercial Banking Officer

Secretary, Interstate Commerce Commission
Room 1227
12th and Constitutional Avenue Northwest
Washington, D.C. 20423
Attention: Mrs. Mildred Lee

July 26, 1978

RECORDATION NO. 9607

Filed & Recorded

JUL 28 1978 - 11 03 AM '78

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 9608

Filed & Recorded

JUL 28 1978 - 11 03 AM

Dear Mrs. Lee:

Enclosed herein please find the following: **INTERSTATE COMMERCE COMMISSION**

1. Original and two (2) copies of the Security Agreement & Mortgage, executed by F.E. MCLARNEY D/B/A FREIGHT EQUIPMENT MANAGEMENT COMPANY, whose address is 1510 Melrose Bldg., Houston, Texas 77002, on property listed and described therein.
2. Original and two (2) copies of the Security Agreement & Mortgage, executed by O.J. TAUBER, JR. D/B/A TAUBER TRANSPORTATION COMPANY, whose address is P.O. Box 52968, Houston, Texas 77052, on property listed and described therein.
3. Two (2) cashier's checks, each in the amount of \$50.00 and payable to the Interstate Commerce Commission, dated July 26, 1978, to cover the filing fees of \$50.00 for each of the two (2) documents.

Would you please file these documents accordingly and return the copies to me at the address shown below. If there is any additional information I have failed to include, please feel free to call me at (713) 658-6036.

Sincerely,



Thomas H. Dungan
Commercial Banking Officer

THD:ccc
Enclosures

8-209A105

No.

JUL 28 1978

Date.....

Fee \$.....

100

1001 MAIN STREET, HOUSTON, TEXAS 77002, TELEPHONE (713) 658-6036
MEMBER FIRST CITY BANCORPORATION OF TEXAS, INC.

ICC Washington, D. C.

Interstate Commerce Commission
Washington, D.C. 20423

8/9/78

OFFICE OF THE SECRETARY

Thomas H. Dugan
First City National Bank
1001 Main Street
Houston, Texas 77002

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on **7/28/78** at **11:05am**
and assigned recordation number(s) **9607 & 9608**

Sincerely yours,

H.G. Homme, Jr.,
Acting Secretary

Enclosure(s)

SE-30-T
(2/78)

JUL 28 1978 - 11 25 AM

INTERNATIONAL COMMERCE COMMISSION

SECURITY AGREEMENT & MORTGAGE

1. For good and valid considerations, the receipt and sufficiency of which are hereby acknowledged, F. E. McLARNEY D/B/A FREIGHT EQUIPMENT MANAGEMENT COMPANY, with address of 1510 Melrose Bldg, Houston, Texas 77002 (hereinafter called "Debtor"), hereby grants to FIRST CITY NATIONAL BANK OF HOUSTON, a national banking association with address at 1001 Main Street, Houston, Texas (hereinafter called "Secured Party"), a security interest in and a general lien and mortgage upon the following property (all of which is hereinafter called the "Collateral"):

- (i) Ten (10) 35-100 Ton 33,600 Gallon Shell Full DOT 112J340W Single Diameter Stub Sill Tank Cars ("Tank Cars") bearing the following numbers:

FEMX3360	FEMX3364	FEMX3368
FEMX3361	FEMX3365	FEMX3369;
FEMX3362	FEMX3366	
FEMX3363	FEMX3367	

- (ii) All rights of Debtor under that certain Zip Transportation Company, Inc. Management Agreement ("Management Agreement") dated as of September 12, 1977 between Debtor and Zip Transportation Company, Inc., a Texas corporation ("Zip"), with address at 1510 Melrose Building, Houston, Texas 77001, pertaining to lease and maintenance of the above-described Tank Cars, and all amendments to such agreement or new agreements pertaining to such Tank Cars; and

- (iii) All equipment, inventory, general intangibles, accounts, chattel paper, accessions substitutions, proceeds and products used in connection with or arising out of any of the foregoing.

2. This security interest and general lien and mortgage is granted to Secured Party to secure the prompt and unconditional payment of that certain note of even date herewith in the principal amount of \$467,100.00, executed by Debtor and payable to the order of Secured Party on or before ~~October 1, 1978~~, and all renewals, rearrangements and extensions thereof (all of which is hereinafter called the "Indebtedness").

3. With respect to any of the Collateral consisting of accounts, chattel paper, general intangibles or instruments, at any time, without notice, and at the expense of Debtor, Secured Party in its name or in the name of its nominee or in the name of Debtor may, but shall not be obligated to: (a) notify account debtors or the obligors on instruments to make payment to Secured Party; (b) collect by legal proceedings or otherwise, endorse, receive and receipt for all dividends, interest, principal payments and other sums now or hereafter payable upon or on account of the Collateral or any agreement in any wise relating to or affecting the Collateral, and in connection therewith may deposit or surrender control of Collateral thereunder, accept other property in exchange for Collateral and take

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September 30,
1985

such action as it may deem proper, and any money or property received in exchange for Collateral shall be applied to the Indebtedness or thereafter held by it pursuant to the provisions hereof; (d) make any compromise or settlement it deems desirable with reference to Collateral; (e) insure, process and preserve Collateral; (f) cause Collateral to be transferred to its name or to the name of its nominee without disclosing that Secured Party is a secured party; (g) exercise as to Collateral all the rights, powers and remedies of an owner.

4. Debtor agrees to pay prior to delinquency all taxes, charges (except those which are being contested in good faith by Debtor or are not of a material ~~nature~~ nature), liens and assessments against Collateral, and upon the failure of the undersigned to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. *Indefinite amount*

5. At the option of Secured Party and without necessity of demand or notice, all or any part of the Indebtedness shall immediately become due and payable irrespective of any agreed maturity or period of grace upon the happening of any of the following events: (a) any breach of this agreement or any other agreement between Secured Party and Debtor; (b) default in the payment of any of the Indebtedness when due; (c) any destruction or material damage which Borrower does not intend to repair or replace within a reasonable period of time; (d) the entry of a judgment, issuance of an injunction or order of attachment, or any other process against Debtor, or any of the Collateral; (e) the application for the appointment or the appointment of a receiver, conservator, rehabilitator, or similar individual, officer or committee of, or for any property of, Debtor; (f) the insolvency, dissolution, commission of an act of bankruptcy, assignment for the benefit of creditors, calling of a meeting of any creditors, appointment of a committee of any creditors or a liquidating agent, offering to or receiving from any creditors a composition or extension of any of the indebtedness of any of them, making a bulk transfer, granting a security interest in the Collateral, the whole or partial suspension or liquidation of usual business, or failure in business by Debtor, including the imminent or threatened occurrence of any of the foregoing events; (g) the commencement of any proceeding, suit or action under any provisions of the Bankruptcy Act, as amended, or any similar statute, for adjudication as a bankrupt, reorganization, composition, extension, arrangement, wage earner's plan, receivership, liquidation or dissolution by or against Debtor; (h) failure of Debtor, or the Collateral to comply with Regulations U or X of the Board of Governors of the Federal Reserve System, as amended; or (i) failure by Debtor after demand, to furnish any financial information to Secured Party or to permit Secured Party to inspect books or records of account, making any misrepresentation to Secured Party for the purpose of obtaining credit, failure to pay when due any obligations, failure to pay any tax or failure to withhold, collect or remit any tax or tax deficiency when assessed or due. Upon the happening of any of the foregoing events any agreement for further financial accommodation by Secured Party shall terminate at its option.

6. If all or any part of the Indebtedness shall become due and payable as specified in paragraph 5, Secured

Party may then, or at any time thereafter, apply, set-off, collect, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Secured Party may elect, and any such sale may be made either at public or private sale at its place of business or elsewhere, or at any brokers' board or securities exchange, either for cash or upon credit or for future delivery, at such price as Secured Party may deem fair, and Secured Party may be the purchaser of any or all Collateral so sold and hold the same thereafter in its own right free from any claim of Debtor or right of redemption. No such purchase or holding by the Secured Party shall be deemed a retention by the Secured Party in satisfaction of the Indebtedness. If, notwithstanding the foregoing provisions, any applicable provision of the Uniform Commercial Code or other law requires Secured Party to give reasonable notice of any such sale or disposition or other action, five days' prior written notice shall constitute reasonable notice. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to Secured Party and Debtor. Any sale hereunder may be conducted by an auctioneer or any officer or agent of Secured Party.

7. The proceeds of any sale or other disposition of the Collateral and all sums received or collected by Secured Party from or on account of the Collateral shall be applied by Secured Party in the manner set forth in §9.504 of the Texas Uniform Commercial Code - Secured Transactions as presently in effect. Debtor shall remain liable to Secured Party for any Indebtedness, advances, costs, charges and expenses, together with interest thereon remaining unpaid and shall pay the same immediately to Secured Party.

8. Secured Party shall be under no duty whatsoever to make or give any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, or other notice or demand in connection with any Collateral or the Indebtedness, or to preserve any rights against prior parties. Secured Party shall not be liable for failure to collect or realize upon any or all of the Indebtedness or Collateral, or for any delay in so doing, nor shall Secured Party be under any duty to take any action whatsoever with regard thereto. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession but need not take any steps to keep the Collateral identifiable. Secured Party shall have no duty to comply with any recording, filing, or other legal requirements necessary to establish or maintain the validity, priority or enforceability of, or Secured Party's rights in or to, any of the Collateral.

9. Debtor waives any right to require Secured Party to proceed against any person, exhaust any Collateral or pursue any other remedy in Secured Party's power; waives any and all notice of acceptance of this Agreement or of creation or modification of any of the Indebtedness; and waives any defense arising by reason of any disability or other defense of any of the undersigned or any other person, or by reason of the cessation from any cause whatsoever of the liability of Debtor. All dealings between Debtor and Secured Party, whether or not resulting in the creation of Indebtedness, shall conclusively be presumed to have been

had or consummated in reliance upon this Agreement. Until all Indebtedness shall have been paid in full: Debtor shall have no right to subrogation, and Debtor waives any right to enforce any remedy which Secured Party now has or may hereafter have against Debtor or against any other person and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by Secured Party. Debtor authorizes Secured Party, without notice or demand and without any reservation of rights against Debtor and without affecting his liability hereunder or on the Indebtedness, from time to time to (a) renew, extend, modify, compromise, settle or release the obligation of Debtor with respect to any or all of the Indebtedness or Collateral; and (b) release or substitute Debtor.

10. Debtor represents, warrants and agrees that, except for the security interest, lien and mortgage of Secured Party and unless otherwise agreed in writing, no security interest or lien has been created by Debtor or is known by Debtor to exist with respect to ~~any~~ Collateral and, to the best of Debtor's information and belief, no financing statement or other security instrument is on file in any jurisdiction covering such Collateral; Debtor will not create any such security interest or lien and will not file or permit to be filed any such financing statement or other security instrument; Debtor will execute, deliver and file such financing statement, security agreements and other documents as may be requested by the Secured Party from time to time to conform, perfect and preserve the security interest, lien and mortgage created hereby, and in addition, hereby authorizes the Secured Party to execute on behalf of Debtor, deliver and file such financing statements, security agreements and other documents without the signature of Debtor, all at the expense of Debtor. *Debtor J. L. Smith*

11. It is hereby understood that ~~Zip~~ shall attempt to obtain from financially sound and reputable insurers, insurance covering the Collateral in an amount at least equal to the value thereof. ~~Policies evidencing any such property insurance shall provide for payment of loss to Zip and Debtor as co-beneficiaries. Debtor shall furnish the Secured Party with certificates or other evidence of compliance with the foregoing insurance provisions, at the request of Secured Party. Debtor agrees that upon request by Secured Party, it will apply any proceeds of such insurance which may be received by it in payment on account of the Indebtedness as Secured Party shall require. If any insurance policy covering the Collateral expires or is cancelled before the Indebtedness is paid in full or Secured Party's obligation, if any, to advance additional moneys has terminated, at the Secured Party's option, the Secured Party may obtain replacement insurance which may, but need not, be single interest insurance in favor of the Secured Party. The Secured Party may pay the premiums thereunder and the amount of such premiums shall be a part of the Indebtedness.~~ *J. L. Smith*

12. The only office where Debtor keeps, or will at any time prior to final release hereof keep, records concerning any part of the Collateral which is Accounts as that term is defined in the Texas Uniform Commercial Code is at the address of Debtor shown at the beginning of this Agreement, which office is the principal executive office of Debtor. Some records concerning the Collateral will be kept at the offices of Zip, at its address in Houston, Texas.

13. All accounts receivable included within the Accounts Collateral are and shall be valid, genuine, arising out of a bona fide transaction and not subject to any offset, claim, charge, retainage or other reduction.

14. Secured Party may transfer any or all of the Indebtedness, and upon any such transfer Secured Party may transfer any or all of the Collateral and shall be fully discharged thereafter from all liability with respect to the Collateral so transferred, and the transferee shall be vested with all rights, powers and remedies of Secured Party hereunder with respect to Collateral so transferred; but with respect to any Collateral not so transferred Secured Party shall retain all rights, powers and remedies hereby given. Secured Party may at any time deliver any or all of the Collateral to Debtor, whose receipt shall be a complete and full acquittance for the Collateral so delivered, and Secured Party shall thereafter be discharged from any liability therefor.

15. All advances, charges, costs and expenses, including reasonable attorneys' fees and legal expenses, incurred by Secured Party in connection with the transaction which gives rise to this Agreement and in exercising any right, power or remedy conferred by this Agreement or by law (including, but not limited to, attorneys' fees and legal expenses incurred by Secured Party in the collection of instruments deposited with or purchased by Secured Party) shall become part of the Indebtedness secured hereunder and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at ten percent per annum (or if such rate of interest shall not be lawful, then at the highest lawful rate of interest).

16. BANK MAY ENFORCE ITS RIGHTS HEREUNDER WITHOUT PRIOR JUDICIAL PROCESS OR HEARING, AND DEBTOR EXPRESSLY WAIVES ALL LEGAL RIGHTS WHICH MIGHT OTHERWISE REQUIRE SECURED PARTY TO ENFORCE ITS RIGHTS BY JUDICIAL PROCESS. IN SO PROVIDING FOR NON-JUDICIAL REMEDIES, DEBTOR CONCEDES THAT SUCH REMEDIES ARE RESPONSIVE TO COMMERCIAL NECESSITY AND ARE THE RESULT OF BARGAIN AT ARM'S LENGTH. NOTHING HEREIN IS INTENDED TO PREVENT SECURED PARTY OR DEBTOR FROM RESORTING TO JUDICIAL PROCESS AT EITHER PARTY'S OPTION.

17. The term "Debtor" as used throughout this Agreement shall include the respective successors, personal representatives, heirs and assigns of Debtor.

18. The execution and delivery of this Agreement in no manner shall impair or affect any other security (by endorsement or otherwise) for the payment of the Indebtedness and no security taken hereafter as security for payment of the Indebtedness shall impair in any manner or affect this Agreement, all such present and future additional security to be considered as cumulative security.

19. This Agreement shall not be construed as relieving Debtor from full liability on the Indebtedness secured hereby and for any deficiency thereon.

20. Any notice or demand to Debtor hereunder or in connection herewith may be given and shall conclusively be deemed and considered to have been given and received upon the deposit thereof, in writing, duly stamped and addressed

to the undersigned at the address of the undersigned appearing on the records of the Secured Party, in the U.S. Mails, but actual notice, however given or received, shall always be effective.

21. This is a continuing agreement and all the rights, powers and remedies of Secured Party hereunder shall continue to exist until (i) all Indebtedness shall have been paid in full, (ii) Secured Party has no further obligation to advance moneys to Debtor and (iii) Secured Party, upon request of Debtor, has executed a written termination statement. Otherwise this Agreement shall continue irrespective of the fact that any or all of the Indebtedness may have become barred by any statute of limitations or that the personal liability of Debtor may have ceased, and notwithstanding the death, incapacity or bankruptcy of Debtor or any other event or proceeding affecting Debtor. The rights, powers and remedies of Secured Party hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and furthermore, regardless of whether the Uniform Commercial Code is in effect in the jurisdiction where such rights, powers and remedies are asserted, Secured Party shall have the rights, powers and remedies of a secured party under the Texas Uniform Commercial Code, as amended. Secured Party may exercise its bankers' lien or right of set-off with respect to the Indebtedness in the same manner as if the Indebtedness were unsecured. No forbearance, failure or delay by Secured Party in exercising any right, power or remedy shall be deemed a waiver thereof or preclude any other or further exercise thereof; and no single or partial exercise of any right, power or remedy shall preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

22. This Agreement has been made in and shall be governed by the laws of the State of Texas in all respects, including matters of construction, validity, enforcement and performance, and may not be amended (nor may any of its terms be waived) except in writing duly signed by Secured Party or an authorized officer of Secured Party and by Debtor. Except as the context may otherwise require, any term used herein that is defined in Article 1 or Article 9 of the Texas Uniform Commercial Code - Secured Transactions shall have the meaning given therein. If any provision of this Agreement is rendered or declared illegal or unenforceable by reason of any existing or subsequently enacted legislation or by a decree of last resort, Debtor and Secured Party shall promptly meet and negotiate substitute provisions for those rendered illegal or unenforceable, but all of the remaining provisions shall remain in full force and effect.

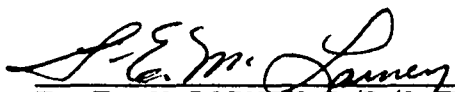
23. Debtor agrees to give Secured Party written notice in the event that (i) any change, modification or amendment to the Management Agreement is proposed or made; (ii) the Management Agreement is terminated pursuant to Article IV thereof; and (iii) either Debtor or Debtor defaults under its obligations set forth in the Management Agreement. Debtor agrees to notify Secured Party of the happening of the above-mentioned events immediately upon their occurrence, or, when possible, fifteen (15) days prior thereto, and further agrees to make good faith efforts to seek current and complete information regarding the occurrence of such events.

24. In the event Debtor defaults under its obligations set forth in the Management Agreement and Zip advises Debtor of such default pursuant to Paragraph 2, Article IV thereof, Debtor shall immediately notify Secured Party, and Secured Party may, at its option, cure such default. Any sums so advanced or Expenses (as defined in the Management Agreement) paid by Secured Party on behalf of Debtor shall be secured hereby.

25. At Secured's Party election all cars may be marked with Secured Party's name designating it as Secured Party and may bear the following inscription:

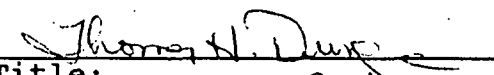
"Title to this car is subject to documents recorded under 20(c) of the Interstate Commerce Act."

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the 1st day of June, 1978.


F. E. McLARNEY D/B/A FREIGHT
EQUIPMENT MANAGEMENT COMPANY

ATTEST:

FIRST CITY NATIONAL BANK
OF HOUSTON


Title: Assistant Cashier

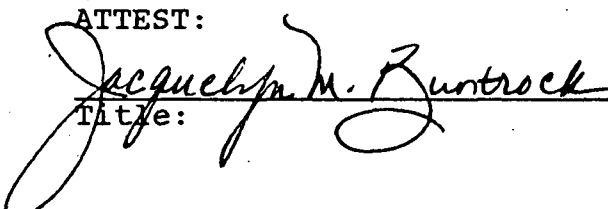
BY 
Title:

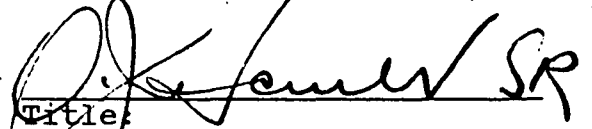
ACKNOWLEDGMENT

Zip Transportation Company, Inc. acknowledges and gives its consent to the foregoing Security Agreement and Mortgage.

ZIP TRANSPORTATION COMPANY, INC.

ATTEST:


Title:

By 
Title:
O. J. Tauber, Chairman of the Board

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared F. E. McLARNEY D/B/A FREIGHT EQUIPMENT MANAGEMENT COMPANY, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11th day of July, 1978.

W. D. Fluker

Notary Public in and for
Harris County, T e x a s

My Commission Expires:

6-5-80

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Raymond G. Meyer of FIRST CITY NATIONAL BANK OF HOUSTON, a national banking association, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of said association and that he executed the same as the act of such association for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11th day of ~~June~~, 1978.
July

W. D. Fluker

Notary Public in and for
Harris County, T e x a s

My Commission Expires:

6-5-80

JUL 28 1978 - 11 05 AM

INTERSTATE COMMERCE COMMISSION
SECURITY AGREEMENT & MORTGAGE

1. For good and valid considerations, the receipt and sufficiency of which are hereby acknowledged, O. J. TAUBER, JR. D/B/A TAUBER TRANSPORTATION COMPANY, whose address for notice is P. O. Box 52968, Houston, Texas 77052 (hereinafter called "Debtor"), hereby grants to FIRST CITY NATIONAL BANK OF HOUSTON, a national banking association with address at 1001 Main Street, Houston, Texas (hereinafter called "Secured Party"), a security interest in and a general lien and mortgage upon the following property (all of which is hereinafter called the "Collateral"):

- (i) Ten (10) 35-100 Ton 33,600 Gallon Shell Full DOT 112J340W Single Diameter Stub Sill Tank Cars ("Tank Cars") bearing the following numbers:

OJTX3350	OJTX3354	OJTX3358
OJTX3351	OJTX3355	OJTX3359;
OJTX3352	OJTX3356	
OJTX3353	OJTX3357	

- (ii) All rights of Debtor under that certain Zip Transportation Company, Inc. Management Agreement ("Management Agreement") dated as of September 12, 1977 between Debtor and Zip Transportation Company, Inc., a Texas corporation ("Zip"), with address at 1510 Melrose Building, Houston, Texas 77001, pertaining to lease and maintenance of the above-described Tank Cars, and all amendments to such agreement or new agreements pertaining to such Tank Cars; and

- (iii) All equipment, inventory, general intangibles, accounts, chattel paper, accessions substitutions, proceeds and products used in connection with or arising out of any of the foregoing.

2. This security interest and general lien and mortgage is granted to Secured Party to secure the prompt and unconditional payment of that certain note of even date herewith in the principal amount of \$467,100.00, executed by Debtor and payable to the order of Secured Party on or before ~~October 1, 1978~~, and all renewals, rearrangements and extensions thereof (all of which is hereinafter called the "Indebtedness").

3. With respect to any of the Collateral consisting of accounts, chattel paper, general intangibles or instruments, at any time, without notice, and at the expense of Debtor, Secured Party in its name or in the name of its nominee or in the name of Debtor may, but shall not be obligated to: (a) notify account debtors or the obligors on instruments to make payment to Secured Party; (b) collect by legal proceedings or otherwise, endorse, receive and receipt for all dividends, interest, principal payments and other sums now or hereafter payable upon or on account of the Collateral or any agreement in any wise relating to or affecting the Collateral, and in connection therewith may deposit or surrender control of Collateral thereunder, accept other property in exchange for Collateral and take

September 30,
1985

such action as it may deem proper, and any money or property received in exchange for Collateral shall be applied to the Indebtedness or thereafter held by it pursuant to the provisions hereof; (d) make any compromise or settlement it deems desirable with reference to Collateral; (e) insure, process and preserve Collateral; (f) cause Collateral to be transferred to its name or to the name of its nominee without disclosing that Secured Party is a secured party; (g) exercise as to Collateral all the rights, powers and remedies of an owner.

4. Debtor agrees to pay prior to delinquency all taxes, charges (except those which are being contested in good faith by Debtor or are not of a material ~~nature~~), liens and assessments against Collateral, and upon the failure of the undersigned to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Jhd
amount

5. At the option of Secured Party and without necessity of demand or notice, all or any part of the Indebtedness shall immediately become due and payable irrespective of any agreed maturity or period of grace upon the happening of any of the following events: (a) any breach of this agreement or any other agreement between Secured Party and Debtor; (b) default in the payment of any of the Indebtedness when due; (c) any destruction or material damage which Borrower does not intend to repair or replace within a reasonable period of time; (d) the entry of a judgment, issuance of an injunction or order of attachment, or any other process against Debtor, or any of the Collateral; (e) the application for the appointment or the appointment of a receiver, conservator, rehabilitator, or similar individual, officer or committee of, or for any property of, Debtor; (f) the insolvency, dissolution, commission of an act of bankruptcy, assignment for the benefit of creditors, calling of a meeting of any creditors, appointment of a committee of any creditors or a liquidating agent, offering to or receiving from any creditors a composition or extension of any of the indebtedness of any of them, making a bulk transfer, granting a security interest in the Collateral, the whole or partial suspension or liquidation of usual business, or failure in business by Debtor, including the imminent or threatened occurrence of any of the foregoing events; (g) the commencement of any proceeding, suit or action under any provisions of the Bankruptcy Act, as amended, or any similar statute, for adjudication as a bankrupt, reorganization, composition, extension, arrangement, wage earner's plan, receivership, liquidation or dissolution by or against Debtor; (h) failure of Debtor, or the Collateral to comply with Regulations U or X of the Board of Governors of the Federal Reserve System, as amended; or (i) failure by Debtor after demand, to furnish any financial information to Secured Party or to permit Secured Party to inspect books or records of account, making any misrepresentation to Secured Party for the purpose of obtaining credit, failure to pay when due any obligations, failure to pay any tax or failure to withhold, collect or remit any tax or tax deficiency when assessed or due. Upon the happening of any of the foregoing events any agreement for further financial accommodation by Secured Party shall terminate at its option.

6. If all or any part of the Indebtedness shall become due and payable as specified in paragraph 5, Secured Party may then, or at any time thereafter, apply, set-off, collect, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Secured Party may elect, and any such sale may be made either at public or private sale at its place of business or elsewhere, or at any brokers' board or securities exchange, either for cash or upon credit or for future delivery, at such price as Secured Party may deem fair, and Secured Party may be the purchaser of any or all Collateral so sold and hold the same thereafter in its own right free from any claim of Debtor or right of redemption. No such purchase or holding by the Secured Party shall be deemed a retention by the Secured Party in satisfaction of the Indebtedness. If, notwithstanding the foregoing provisions, any applicable provision of the Uniform Commercial Code or other law requires Secured Party to give reasonable notice of any such sale or disposition or other action, five days' prior written notice shall constitute reasonable notice. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to Secured Party and Debtor. Any sale hereunder may be conducted by an auctioneer or any officer or agent of Secured Party.

7. The proceeds of any sale or other disposition of the Collateral and all sums received or collected by Secured Party from or on account of the Collateral shall be applied by Secured Party in the manner set forth in §9.504 of the Texas Uniform Commercial Code - Secured Transactions as presently in effect. Debtor shall remain liable to Secured Party for any Indebtedness, advances, costs, charges and expenses, together with interest thereon remaining unpaid and shall pay the same immediately to Secured Party.

8. Secured Party shall be under no duty whatsoever to make or give any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, or other notice or demand in connection with any Collateral or the Indebtedness, or to preserve any rights against prior parties. Secured Party shall not be liable for failure to collect or realize upon any or all of the Indebtedness or Collateral, or for any delay in so doing, nor shall Secured Party be under any duty to take any action whatsoever with regard thereto. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession but need not take any steps to keep the Collateral identifiable. Secured Party shall have no duty to comply with any recording, filing, or other legal requirements necessary to establish or maintain the validity, priority or enforceability of, or Secured Party's rights in or to, any of the Collateral.

9. Debtor waives any right to require Secured Party to proceed against any person, exhaust any Collateral or pursue any other remedy in Secured Party's power; waives any and all notice of acceptance of this Agreement or of creation or modification of any of the Indebtedness; and waives any defense arising by reason of any disability or other defense of any of the undersigned or any other person, or by reason of the cessation from any cause whatsoever of the

liability of Debtor. All dealings between Debtor and Secured Party, whether or not resulting in the creation of Indebtedness, shall conclusively be presumed to have been had or consummated in reliance upon this Agreement. Until all Indebtedness shall have been paid in full: Debtor shall have no right to subrogation, and Debtor waives any right to enforce any remedy which Secured Party now has or may hereafter have against Debtor or against any other person and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by Secured Party. Debtor authorizes Secured Party, without notice or demand and without any reservation of rights against Debtor and without affecting his liability hereunder or on the Indebtedness, from time to time to (a) renew, extend, modify, compromise, settle or release the obligation of Debtor with respect to any or all of the Indebtedness or Collateral; and (b) release or substitute Debtor.

10. Debtor represents, warrants and agrees that, except for the security interest, lien and mortgage of Secured Party and unless otherwise agreed in writing, no security interest or lien has been created by Debtor or is known by Debtor to exist with respect to ~~any~~ Collateral and, to the best of Debtor's information and belief, no financing statement or other security instrument is on file in any jurisdiction covering such Collateral; Debtor will not create any such security interest or lien and will not file or permit to be filed any such financing statement or other security instrument; Debtor will execute, deliver and file such financing statement, security agreements and other documents as may be requested by the Secured Party from time to time to conform, perfect and preserve the security interest, lien and mortgage created hereby, and in addition, hereby authorizes the Secured Party to execute on behalf of Debtor, deliver and file such financing statements, security agreements and other documents without the signature of Debtor, all at the expense of Debtor. *Debtor* *Jhd* *the*

11. It is hereby understood that ~~Debtor~~ shall attempt to obtain from financially sound and reputable insurers, insurance covering the Collateral in an amount at least equal to the value thereof. ~~Policies evidencing any such property insurance shall provide for payment of loss to Zip and Debtor as co-beneficiaries. Debtor shall furnish the Secured Party with certificates or other evidence of compliance with the foregoing insurance provisions, at the request of Secured Party. Debtor agrees that upon request by Secured Party, it will apply any proceeds of such insurance which may be received by it in payment on account of the Indebtedness as Secured Party shall require. If any insurance policy covering the Collateral expires or is cancelled before the Indebtedness is paid in full or Secured Party's obligation, if any, to advance additional money has terminated, at the Secured Party's option, the Secured Party may obtain replacement insurance which may, but need not, be single interest insurance in favor of the Secured Party. The Secured Party may pay the premiums thereunder and the amount of such premiums shall be a part of the Indebtedness.~~ *Jhd* *ATJ*

12. The only office where Debtor keeps, or will at any time prior to final release hereof keep, records concerning any part of the Collateral which is Accounts as that term is defined in the Texas Uniform Commercial Code is at the address of Debtor shown at the beginning of this Agreement, which office is the principal executive office of Debtor.

Some records concerning the Collateral will be kept at the offices of Zip, at its address in Houston, Texas.

13. All accounts receivable included within the Accounts Collateral are and shall be valid, genuine, arising out of a bona fide transaction and not subject to any offset, claim, charge, retainage or other reduction.

14. Secured Party may transfer any or all of the Indebtedness, and upon any such transfer Secured Party may transfer any or all of the Collateral and shall be fully discharged thereafter from all liability with respect to the Collateral so transferred, and the transferee shall be vested with all rights, powers and remedies of Secured Party hereunder with respect to Collateral so transferred; but with respect to any Collateral not so transferred Secured Party shall retain all rights, powers and remedies hereby given. Secured Party may at any time deliver any or all of the Collateral to Debtor, whose receipt shall be a complete and full acquittance for the Collateral so delivered, and Secured Party shall thereafter be discharged from any liability therefor.

15. All advances, charges, costs and expenses, including reasonable attorneys' fees and legal expenses, incurred by Secured Party in connection with the transaction which gives rise to this Agreement and in exercising any right, power or remedy conferred by this Agreement or by law (including, but not limited to, attorneys' fees and legal expenses incurred by Secured Party in the collection of instruments deposited with or purchased by Secured Party) shall become part of the Indebtedness secured hereunder and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at ten percent per annum (or if such rate of interest shall not be lawful, then at the highest lawful rate of interest).

16. BANK MAY ENFORCE ITS RIGHTS HEREUNDER WITHOUT PRIOR JUDICIAL PROCESS OR HEARING, AND DEBTOR EXPRESSLY WAIVES ALL LEGAL RIGHTS WHICH MIGHT OTHERWISE REQUIRE SECURED PARTY TO ENFORCE ITS RIGHTS BY JUDICIAL PROCESS. IN SO PROVIDING FOR NON-JUDICIAL REMEDIES, DEBTOR CONCEDES THAT SUCH REMEDIES ARE RESPONSIVE TO COMMERCIAL NECESSITY AND ARE THE RESULT OF BARGAIN AT ARM'S LENGTH. NOTHING HEREIN IS INTENDED TO PREVENT SECURED PARTY OR DEBTOR FROM RESORTING TO JUDICIAL PROCESS AT EITHER PARTY'S OPTION.

17. The term "Debtor" as used throughout this Agreement shall include the respective successors, personal representatives, heirs and assigns of Debtor.

18. The execution and delivery of this Agreement in no manner shall impair or affect any other security (by endorsement or otherwise) for the payment of the Indebtedness and no security taken hereafter as security for payment of the Indebtedness shall impair in any manner or affect this Agreement, all such present and future additional security to be considered as cumulative security.

19. This Agreement shall not be construed as relieving Debtor from full liability on the Indebtedness secured hereby and for any deficiency thereon.

20. Any notice or demand to Debtor hereunder or in connection herewith may be given and shall conclusively be

deemed and considered to have been given and received upon the deposit thereof, in writing, duly stamped and addressed to the undersigned at the address of the undersigned appearing on the records of the Secured Party, in the U.S. Mails, but actual notice, however given or received, shall always be effective.

21. This is a continuing agreement and all the rights, powers and remedies of Secured Party hereunder shall continue to exist until (i) all Indebtedness shall have been paid in full, (ii) Secured Party has no further obligation to advance moneys to Debtor and (iii) Secured Party, upon request of Debtor, has executed a written termination statement. Otherwise this Agreement shall continue irrespective of the fact that any or all of the Indebtedness may have become barred by any statute of limitations or that the personal liability of Debtor may have ceased, and notwithstanding the death, incapacity or bankruptcy of Debtor or any other event or proceeding affecting Debtor. The rights, powers and remedies of Secured Party hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and furthermore, regardless of whether the Uniform Commercial Code is in effect in the jurisdiction where such rights, powers and remedies are asserted, Secured Party shall have the rights, powers and remedies of a secured party under the Texas Uniform Commercial Code, as amended. Secured Party may exercise its bankers' lien or right of set-off with respect to the Indebtedness in the same manner as if the Indebtedness were unsecured. No forbearance, failure or delay by Secured Party in exercising any right, power or remedy shall be deemed a waiver thereof or preclude any other or further exercise thereof; and no single or partial exercise of any right, power or remedy shall preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

22. This Agreement has been made in and shall be governed by the laws of the State of Texas in all respects, including matters of construction, validity, enforcement and performance, and may not be amended (nor may any of its terms be waived) except in writing duly signed by Secured Party or an authorized officer of Secured Party and by Debtor. Except as the context may otherwise require, any term used herein that is defined in Article 1 or Article 9 of the Texas Uniform Commercial Code - Secured Transactions shall have the meaning given therein. If any provision of this Agreement is rendered or declared illegal or unenforceable by reason of any existing or subsequently enacted legislation or by a decree of last resort, Debtor and Secured Party shall promptly meet and negotiate substitute provisions for those rendered illegal or unenforceable, but all of the remaining provisions shall remain in full force and effect.

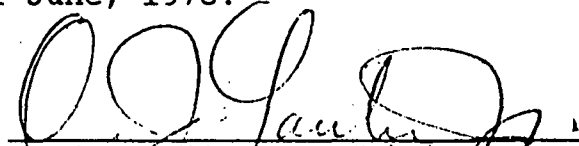
23. Debtor agrees to give Secured Party written notice in the event that (i) any change, modification or amendment to the Management Agreement is proposed or made; (ii) the Management Agreement is terminated pursuant to Article IV thereof; and (iii) either Zip or Debtor defaults under its obligations set forth in the Management Agreement. Debtor agrees to notify Secured Party of the happening of the above-mentioned events immediately upon their occurrence, or, when possible, fifteen (15) days prior thereto, and further agrees to make good faith efforts to seek current and complete information regarding the occurrence of such events.

24. In the event Debtor defaults under its obligations set forth in the Management Agreement and Zip advises Debtor of such default pursuant to Paragraph 2, Article IV thereof, Debtor shall immediately notify Secured Party, and Secured Party may, at its option, cure such default. Any sums so advanced or Expenses (as defined in the Management Agreement) paid by Secured Party on behalf of Debtor shall be secured hereby.

25. At Secured Party's election all cars may be marked with Secured Party's name designating it as Secured Party and may bear the following inscription:

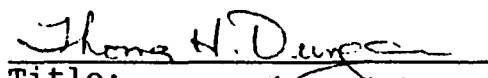
"Title to this car is subject to documents recorded under 20(c) of the Interstate Commerce Act."

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the 1st day of June, 1978.


O. J. TAUBER, JR. D/B/A
TAUBER TRANSPORTATION COMPANY

FIRST CITY NATIONAL BANK
OF HOUSTON

ATTEST:

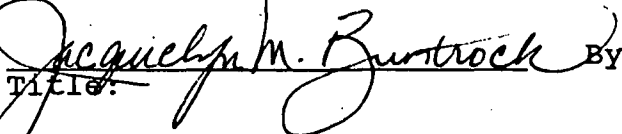

Title: Assistant Cashier

BY 
Title:

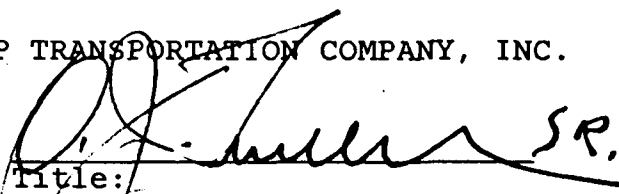
ACKNOWLEDGMENT

Zip Transportation Company, Inc. acknowledges and gives its consent to the foregoing Security Agreement and Mortgage.

ATTEST:


Title:

ZIP TRANSPORTATION COMPANY, INC.

BY 
Title:
O. J. Tauber, Chairman of the Board

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared O. J. TAUBER, JR. D/B/A TAUBER TRANSPORTATION COMPANY, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11th day of July, 1978.

W.D. Fluke

Notary Public in and for
Harris County, T e x a s

My Commission Expires:

6-5-80

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Randall G. Meyer, Vice President of FIRST CITY NATIONAL BANK OF HOUSTON, a national banking association, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of said association and that he executed the same as the act of such association for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11th day of June, 1978.

July

W.D. Fluke

Notary Public in and for
Harris County, T e x a s

My Commission Expires:

6-5-80